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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

April 10, 2015

David McMullin
C.S. Mining LLC.
P.O. Box 608
Milford, Utah 84751

Subject: Conditional and Partial Approval of Amended Notice of Intention to Commence Large Mining Operations (Notice), C.S. Mining LLC, Hidden Treasure Mine, M/001/0067, Beaver County, Utah

Dear Mr. McMullin:

The Division of Oil, Gas and Mining has reviewed and approves only the Maria pit expansion portion of the amended Notice of Intention to Commence Large Mining Operations (Notice), with the following conditions:

- A geotechnical report evaluating slope stability of the Maria pit is due on July 30, 2015. The operator should maintain an adequate slope stability factor of safety. If the phreatic surface, subsurface structure, geology, or other unforeseen parameters impacting the slope stability factor of safety significantly change, the operator will have the engineer of record re-evaluate the slope stability.
- A geotechnical report evaluating slope stability of the Sunrise pit is due on August 30, 2015.
- Additional information about ore and waste rock geochemistry is needed in the north-northwest side of the Maria pit to evaluate whether deleterious materials are present. Considering the data provided to date, this information can be collected as mining proceeds.
- No mining activities are permitted in areas for which cultural resources have not been taken into account.

The current reclamation surety was recently increased to \$5,238,000, which is adequate to cover the additional reclamation liability associated with the Maria pit expansion.

Since this conditional approval applies only to the Maria pit expansion, other parts of the amendment have not been approved. The following statements specifically apply to the proposed and current mining activities:

- The Hidden Treasure dump expansion is not approved.
- The Niagara pit, dump, and haulroad are not approved.
- All dumps must continue to be built at an overall slope of 3H:1V.
- Geotechnical reports to evaluate slope stability will be needed prior to the mining of other pits at overall slope angles steeper than 45 degrees.



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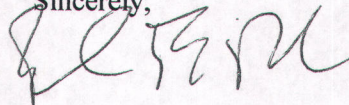
The Division has partially reviewed replacement pages received on April 6, 2015 (also sent by e mail on March 25, 2015 and April 3, 2015), and has found that a number of comments have not yet been addressed. The Division has decided to postpone further review of replacement pages until you submit the modified Notice, as required, by June 1, 2015. The outstanding comments sent with the Division's April 10, 2015, review letter will need to be addressed before full approval of the amended Notice.

Upon the receipt of acceptable information, the requested variance from slope regrading will be applied to the Hidden Treasure and Sunrise dumps. This decision is consistent with the BLM's NEPA analysis and requests. However, the Bawana-Niagara Hill dump (located largely on private lands) will need to be regraded to a stable configuration and sloped to minimize safety hazards and erosion while providing for successful revegetation. Currently the operations plan indicates that dumps will be built at an overall 3H:1V slope.

Please endeavor to remove inconsistencies in the Notice. Where they exist, the Division will normally enforce the more stringent requirements.

If you have any questions in this regard please contact me at 801-538-5261 or Peter Brinton at 801-538-5258. Thank you for your cooperation in completing this permitting action.

Sincerely,



Paul B. Baker
Minerals Program Manager

PBB:pnb:mj
cc: Ed Ginouves, BLM-Cedar City (UTU-82071); eginouve@blm.gov
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